

Message Text

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11

ACTION TRSE-00

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

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E.O. 11652: N/A

TAGS: EFIN, BE

SUBJECT: U.S. GOLD CLAUSE JOINT RESOLUTION

REF: STATE 188463

1. SUMMARY -- BELGIUM HAS NO RESTRICTIONS ON THE ENFORCEABILITY OR VALIDITY OF CONTRACTS CONTAINING EITHER A MULTIPLE CURRENCY CLAUSE OR AN ARTIFICIAL UNIT CLAUSE. CONTRACTS MAY ALSO CONTAIN A GOLD CLAUSE UNDER SOME CIRCUMSTANCES. END SUMMARY.

2. R. VANDEN BRANDEN, CHIEF OF THE INTERNATIONAL AGREEMENTS SECTION OF THE BELGIAN CENTRAL BANK, INFORMS US THAT THERE IS NO RESTRICTION ON THE ENFORCEABILITY OR LEGAL VALIDITY OF CONTRACTS IN BELGIUM WHICH CONTAIN EITHER MULTIPLE CURRENCY CLAUSES OR ARTIFICIAL UNIT CLAUSES. CONTRACTS DEMONATED IN UA, ECU AND EURCO ARE ALL KNOWN AND LEGAL.

3. MR. VANDEN BRANDEN HAS WRITTEN US A SPECIAL LETTER EXPLAINING THE MUCH MORE COMPLICATED SITUATION APPLICABLE TO CONTRACTS CONTAINING GOLD CLAUSES. IN SUMMARY,
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MR. VANDEN BRANDEN SAYS THAT WHILE UNDER BELGIAN LAW

THERE IS NO PROHIBITION AGAINST WRITING CONTRACTS CONTAINING CLAUSES GUARANTEEING PAYMENT IN A STATED QUANTITY OF GOLD OR IN A CURRENCY EQUIVALENT IN VALUE TO A STATED QUANTITY OF GOLD, THERE ARE CERTAIN PRACTICAL RESTRICTIONS WHICH RESULT FROM THE FOREIGN EXCHANGE CONTROL LAWS (I.E. FROM ARTICLE 5 OF THE LAW OF APRIL 12, 1957).

4. MR. VANDEN BRANDEN HAS SUPPLIED US WITH A SEVEN PAGE ARTICLE OF PROF. PIET ON THIS SUBJECT, INCLUDING A MENTION OF ONE BELGIAN COURT DECISION OF 1936 INTER-RALATING BELGIAN LAW AND THE AMERICAN GOLD CLAUSE RESOLUTION AS APPLICABLE TO AN ANTWERP MUNICIPAL BOND ISSUE FLOATED IN NEW YORK IN 1928. A COPY OF THIS ARTICLE AND A COPY OF MR. VANDEN BRANDEN'S LETTER ARE BEING POUCHED TO MR. MANGER IN EUR/WE.FIRESTONE

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